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Press Release

FOR IMMEDIATE RELEASE

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Attorney General McGraw Announces Settlement With AOL Regarding Cancellation Issues

Attorney General McGraw today announced a settlement with AOL, one of the nation's largest Internet service providers, requiring the company to make significant changes in honoring consumer cancellation requests and further ordering refunds for consumers.

The settlement, which was entered by West Virginia, 47 other states, and the District of Columbia, resolves allegations that AOL purposely hindered consumers' attempts to cancel AOL accounts, in multiple ways. When consumers tried to cancel by telephone, AOL put all callers through a "save" process, whereby customer service personnel used multiple high pressure methods to prevent the cancellation. AOL gave telephone workers significant financial incentives to complete "member saves," such that it became virtually impossible for AOL customers to cancel their accounts. The problem was compounded by AOL's practice of reactivating consumers' accounts without their knowledge. When AOL software remained on consumers' computers, the simple entry of an old, cancelled login name and password reactivated the account, and AOL began billing the customer a monthly fee.

Today's agreement puts strict limitations on these telephone account-retention practices, requiring recording and verification of telephone cancellations. The agreement also eases the cancellation process by allowing consumers to cancel through a simple online method at <http://cancel.aol.com>. AOL also will be revising its disclosures regarding reactivation of terminated accounts.

The settlement also addresses a number of other billing practices that created confusion for consumers. Specifically, AOL will be revising disclosures relating to accounts billed directly to consumers' monthly telephone bills, as well as significantly changing its practice of allowing consumers to create "spin off" accounts. These are additional paid accounts for AOL service stemming from one original membership. Now such accounts can be created only over the telephone in a recorded conversation, and a customer service agent must make detailed disclosures of applicable costs.

The agreement further requires AOL to make broad refunds to consumers who have complained of unauthorized charges for AOL service. In addition to resolving any outstanding complaints, the company will be adopting an ongoing process of refunding consumers for unauthorized charges, and will continue to cooperate with the states in these efforts.

AOL recently announced that it would begin limiting its role as an Internet access provider, allowing its customers to convert to free e-mail accounts. The terms of today's agreement should minimize the potential for consumer confusion during this transition.

The settlement further requires AOL to reimburse the states \$3,000,000.00.

The other participants in today's settlement are the states of Alabama, Alaska, Arizona, Arkansas, California, Colorado, Connecticut, Delaware, Georgia, Hawaii, Idaho, Illinois, Indiana, Iowa, Kansas, Louisiana, Maine, Maryland, Michigan, Minnesota, Mississippi, Missouri, Montana, Nebraska, Nevada, New Hampshire, New Jersey, New Mexico, North Carolina, North Dakota, Ohio, Oklahoma, Oregon, Rhode Island, South Carolina, South Dakota, Tennessee, Texas, Utah, Vermont, Washington, Wisconsin, and Wyoming, the Commonwealths of Kentucky, Massachusetts, Pennsylvania and Virginia, and the District of Columbia.

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